

28 January 1982

The Honorable Edward P. Boland, Chairman  
Permanent Select Committee on Intelligence  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

In my letter of 31 October 1981, I notified you that I had engaged the services of the consulting firm of [redacted] to address your concerns regarding our compensation of CIA personnel. [redacted] has completed this task and summarized its conclusions in the enclosed report which I agreed to have in your hands by 1 February 1982.

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You will remember that in order to examine the effectiveness of our compensation practices and to adequately deal with the question of pay comparability, you asked CIA to undertake a review of selected overseas Intelligence Community positions. We consequently invited other major Community agencies such as the Department of State, the National Security Agency, and the Defense Intelligence Agency to participate. Each of these gave us their fullest cooperation and has been briefed as to findings and furnished with copies of the report.

While the report stands alone, I would like to call your attention to a few relevant points as to the methodology followed and recommendations made by the consultants. First, regarding methodology, because we insisted that the consultants take a first-hand look at representative positions, two teams (accompanied by CIA and NSA representatives) were sent to seven foreign field sites and received 21 briefings and conducted, in the aggregate, 127 interviews. Secondly, we asked that they follow a total compensation approach, thus examining the benefit package as well as base salary. Third, for ease of understanding, we requested that, as a means of measuring comparability, they utilize the Factor Evaluation System which has wide-spread usage in the Federal personnel community.

After concluding from their fact-finding survey that additional pay for CIA and NSA overseas employees is warranted, [redacted] recommended that the Agency retain, on an interim basis, the present overseas differential pending the outcome of additional study and the possible need for a different CIA pay system.

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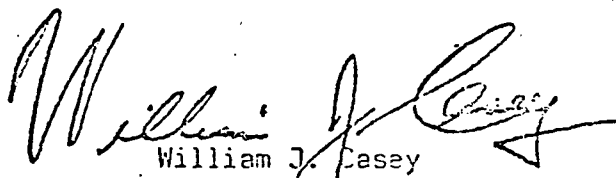
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I agree with the conclusions of the consultants that the overseas differential should be considered a temporary measure and that additional study is needed to determine whether CIA should establish a new overseas or Agency-wide pay system. We plan to proceed accordingly and will know within a few months which direction the recommendations will take us.

Now that the overseas question has been examined, I expect ☐ to complete the remaining portion of their review by mid-April. We will need a short amount of time after this to consider any additional recommendations. In the interim, until we can agree on a permanent solution, I request your continued support of the existing (9.6%) overseas differential. We will be available to discuss any questions you may have concerning the study.

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Sincerely,

  
William J. Casey  
Director of Central Intelligence

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